REMARKS/ARGUMENTS

These Remarks are responsive to the Office Action mailed January 3, 2007 ("Office Action"). Applicants respectfully request reconsideration of the rejections of claims 1-37 for at least the following reasons. Claims 1-3, 16, 31-33, 35 and 37 have been amended. Claim 7 has been canceled and dependent claim 8 has been amended to change its dependency from claim 7 to claim 1. The amendments are supported by at least paragraph [0011], Figures 1-5 and the corresponding descriptions. No new matter has been entered.

Oath/Declaration

The Office Action indicates that the full name of each inventor has not been set forth. Applicants respectfully disagree. As set forth in MPEP 602 and 37 CFR 1.63, the oath or declaration must identify each inventor by full name, including the family name, and at least one given name without abbreviation together with any other given name or initial. Applicants respectfully submit that each inventor is identified by a family name and at least one given name. Should the Examiner maintain this objection, clarification is respectfully requested.

Claim Rejections under 35 U.S.C. 102(b)

Claims 1-3, 5-14, 16-19, 21-23 and 27-37 are currently rejected under 35 U.S.C. 102(b) as being allegedly anticipated by U.S. Patent No. 7,080,050 to Himmelstein ("Himmelstein"). Applicants respectfully disagree.

Himmelstein appears to be directed to an electronic bartering system where a barterer creates a barter order that is posted and/or matched against a website database of other posted barter orders. *See, e.g.*, Himmelstein, col. 2, lines 50-53. To implement a barter, the barterer selects a posted order from a display of matching barter orders. *See, e.g.*, Himmelstein, col. 2, lines 53-55. The flexibility in timing utilizing the system of Himmelstein facilities the ability to

defer adverse tax consequences and to defer the creation of taxable events. *See, e.g.*, Himmelstein, col. 2, lines 62-64. Accordingly, the system of Himmelstein enables the actual owner to defer a taxable event by not going into settlement and thereby not taking title. *See, e.g.*, Himmelstein, col. 3, lines 49-59. In fact, the system of Himmelstein uses web barter dollars to track an "I owe you" ("IOU") to individuals giving up a security but not simultaneously receiving a security back. *See, e.g.*, Himmelstein, col. 3, lines 64-67. The system of Himmelstein uses web barter dollars to supplement or balance a barter in lieu of other currencies. *See, e.g.*, Himmelstein, col. 3, line 67 - col. 4, line 2.

In contrast, an embodiment of the claimed invention refers to a management tool for like kind exchanges where the tax basis from an asset which is retired or relinquished by the owner is transferred to another or newly acquired similar asset. *See, e.g.*, [0003]. According to an embodiment of the present invention, a database tracks acquired and relinquished assets and permits assets to be combined for like kind exchanges to realize a tax benefit. *See, e.g.*, [0011]. For example, relinquished assets that have depreciated utilizing the tax depreciation rules are matched with acquired assets and a like kind exchange takes place through a Qualified Intermediary. *See, e.g.*, [0011]. The tax basis for the relinquished assets is transferred to the acquired assets. *See, e.g.*, [0011].

The claims, as amended, clarify various features of the embodiments of the present inventions. For example, the claims clarify that the database tracks acquired and relinquished assets and permits the assets to be combined for like kind exchanges to realize a tax benefit where the tax basis for the relinquished assets is transferred to the acquired assets. *See, e.g.*, [0011].

Himmelstein fails to show at least the limitations directed to "a database containing

information related to sets of assets *wherein the sets of assets comprises relinquished assets and acquired assets*:" "a processing engine coupled to said database and being operable to identify a first set of assets eligible for a like kind exchange based on said information: said processing engine being further operable to identify a second set of assets eligible for combination with said first set of assets to produce a like kind exchange combination *wherein the first set of assets comprises relinquished assets and the second set of assets comprises acquired assets.*

The bartering website of Himmelstein involves two bartering entities across an electronic interface, *e.g.*, a website. *See* Himmelstein, Abstract. In contrast, an embodiment of the present invention is directed to a management tool that tracks acquired and relinquished assets and permits the assets to be combined for like kind exchanges where the tax basis for the relinquished assets is transferred to the acquired assets and a further tax benefit is obtained. *See, e.g.*, Abstract.

In addition, all the independent claims recite that the like kind exchange combinations or the like kind exchanges "***provide a transfer of a tax basis associated with the relinquished assets to the acquired assets.***" Himmelstein is clearly deficient in meeting at least this claim limitation. More specifically, Himmelstein indicates that a taxable event is deferred by not going to settlement. Accordingly, title is not transferred. *See, e.g.*, Himmelstein, col. 3, lines 55-59. The system of Himmelstein fails to show at least the claim limitation directed to the like kind exchange providing "a transfer of a tax basis associated with the relinquished assets to the acquired assets." This functionality is not disclosed nor contemplated by the bartering website of Himmelstein. *See, e.g.*, Himmelstein, col. 5, lines 53-57.

Under 35 U.S.C. § 102, the Patent Office bears the burden of presenting at least a prima facie case of anticipation. Anticipation requires that a prior art reference disclose, either

expressly or under the principles of inherency, each and every element of the claimed invention. In addition, the prior art reference must sufficiently describe the claimed invention so as to have placed the public in possession of it. In this case, as discussed in detail above, the Office Action has failed to show that Himmelstein discloses each and every claim limitation recited by Applicants. Therefore, the Office Action has failed to meet its burden. The rejection of claims 1-3, 5-14, 16-19, 21-23 and 27-37 under 35 U.S.C. § 102(b) should be withdrawn and the claims allowed accordingly.

Claim Rejections under 35 U.S.C. 103

Claims 4, 15, 24 and 26 are currently rejected under 35 U.S.C. § 103(a) as being allegedly unpatentable over Himmelstein. Applicants respectfully disagree.

The Office Action admits the deficiencies of Himmelstein. More specifically, Himmelstein fails to show at least that the assets are automotive vehicles. *See* page 8, Office Action mailed January 3, 2007. In addition, Himmelstein fails to show wherein said set of parameters include at least one of a time setting, a comparison tolerance setting, an override setting and an asset setting. *See* page 8, Office Action mailed January 3, 2007.

The Office Action summarily concludes that it would have been obvious to modify the disclosure of Himmelstein to include the admitted deficiencies, without providing a basis for combining the disclosures.

The Office Action has failed to set forth a *prima facie* case of obviousness for the independent claims. Specifically, when a primary reference is missing elements, the law of obviousness requires that the Office set forth some motivation why one of ordinary skill in the art would have been motivated to modify the primary reference in the exact manner proposed.

Ruiz v. A.B. Chance Co., 234 F.3d 654, 664 (Fed. Cir. 2000). In other words, there must be some recognition that the primary reference has a problem and that the proposed modification will solve that exact problem. All of this motivation must come from the teachings of the prior art to avoid impermissible hindsight looking back at the time of the invention.

In the present case, the Office Action's justification for modifying Himmelstein has absolutely nothing to do with the deficiencies of Himmelstein. To properly modify Himmelstein to correct for these major deficiencies, the Office Action has the burden to show some motivation why providing those elements would have overcome some perceived problem with Himmelstein. Any such motivation is completely lacking.

Accordingly, the Office Action has failed to provide any proper motivation for modifying Himmelstein so the proposed modification fails. The mere fact that the disclosure of Himmelstein can be somehow modified does not render the resultant modification obvious unless there is a suggestion or motivation found somewhere in the prior art regarding the desirability of the combination or modification. *See* M.P.E.P § 2143.01; *see also In re Mills*, 16 U.S.P.Q.2d 1430, 1432 (Fed. Cir. 1990); *In re Fritz*, 23 U.S.P.Q.2d 1780 (Fed. Cir. 1992). In addition, the teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in Applicants' disclosure. *In re Vaeck*, 947 F.2d 488 (Fed. Cir. 1991).

Accordingly, the proposed modification of Himmelstein fails to address each and every claim limitation of the independent claims. The initial burden is on the Examiner to provide some suggestion of the desirability of doing what the inventors have done. The Examiner has clearly failed to reach the initial burden. For a proper rejection under 35 U.S.C. § 103, there must be some motivation to modify the primary reference as suggested by the Office Action.

Any such motivation is completely lacking.

CONCLUSION

In view of the foregoing amendments and arguments, it is respectfully submitted that this application is now in condition for allowance. If the Examiner believes that prosecution and allowance of the application will be expedited through an interview, whether personal or telephonic, the Examiner is invited to telephone the undersigned with any suggestions leading to the favorable disposition of the application.

It is believed that no fees are due for filing this Response. However, the Director is hereby authorized to treat any current or future reply, requiring a petition for an extension of time for its timely submission as incorporating a petition for extension of time for the appropriate length of time. Applicants also authorize the Director to charge all required fees, fees under 37 C.F.R. §1.17, or all required extension of time fees, to the undersigned's Deposit Account No. 50-0206.

Respectfully submitted,

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Dated: March 26, 2007

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